



Avio Half Year 2021 Results

10 September 2021

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- **Highlights (Giulio Ranzo, CEO)**
- Focus on HY 2021 (Giulio Ranzo, CEO)
- HY 2021 Financials (Alessandro Agosti, CFO)
- Outlook (Giulio Ranzo, CEO)
- Appendix

Softer economic performance, growing order backlog



Business focused on successful return to flight across 1H21

- Focus on flight worthiness of Assembly, Integration and Testing for VV18/VV19/VV20
- Consequent slowdown in development activities, persisting Covid-19 challenges
- New orders for Vega E and Aster propulsion
- Hired new resources to strengthen delivery
 - Backlog: €835M (+13% vs December 2020)
 - Revenues: €128M (-24% vs. HY 2020)
 - EBITDA Adjusted: €10.5M (-47% vs HY 2020)

FY 2021 Guidance

Softer economic performance but improved business visibility thanks to backlog:

- Backlog: €850-900 (+20% vs. FY 2020)
- Revenues: €300-330M (-2% vs. FY 2020)
- EBITDA Adjusted: €35-37M (-16% vs. FY 2020)

Outlook

- Vega and Ariane launch activities on track
- Vega C Maiden Flight Q1 2022, Ariane 6 MF Q2/Q3 2022
- P120 production ramping-up
- ESA Member States securing Ariane and Vega long-term institutional demand
- New development opportunities potentially emerging from Italian PNRR



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2 Vega missions successfully performed in 2021, one more to come in Q4



Flight & Production activity



Pléiades Neo3
SSMS-derived
Hexa Payload
Adapter with 5
auxiliary payloads

29 April

VV18

Successful return-to-flight mission



Pléiades Neo 4
4 ancillary
payloads

16 August

VV19

Flight schedule:

- 1 Vega flight expected by November with Ceres constellation
- Vega C Maiden Flight expected by Q1 2022

Development & complementary activity

Vega C:

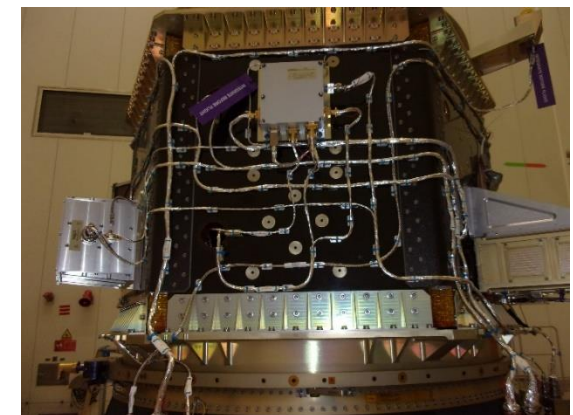
- HWIL* activities for Maiden Flight in progress
- Ground Qualification Review (GQR) in progress

Vega E:

- Signed new contract in July 2021 for the development activities
- SPTF firing test facility for liquid motors completed and commissioning underway



VV18 liftoff



VV18 SSMS-derived Hexa module

Re-established better-than-average reliability track record



IEC recommendations

Thorough identification of the anomaly and line-up of the corrective actions and processes both in Colleferro and in Kourou

Full and permanent revision of the procedures for:

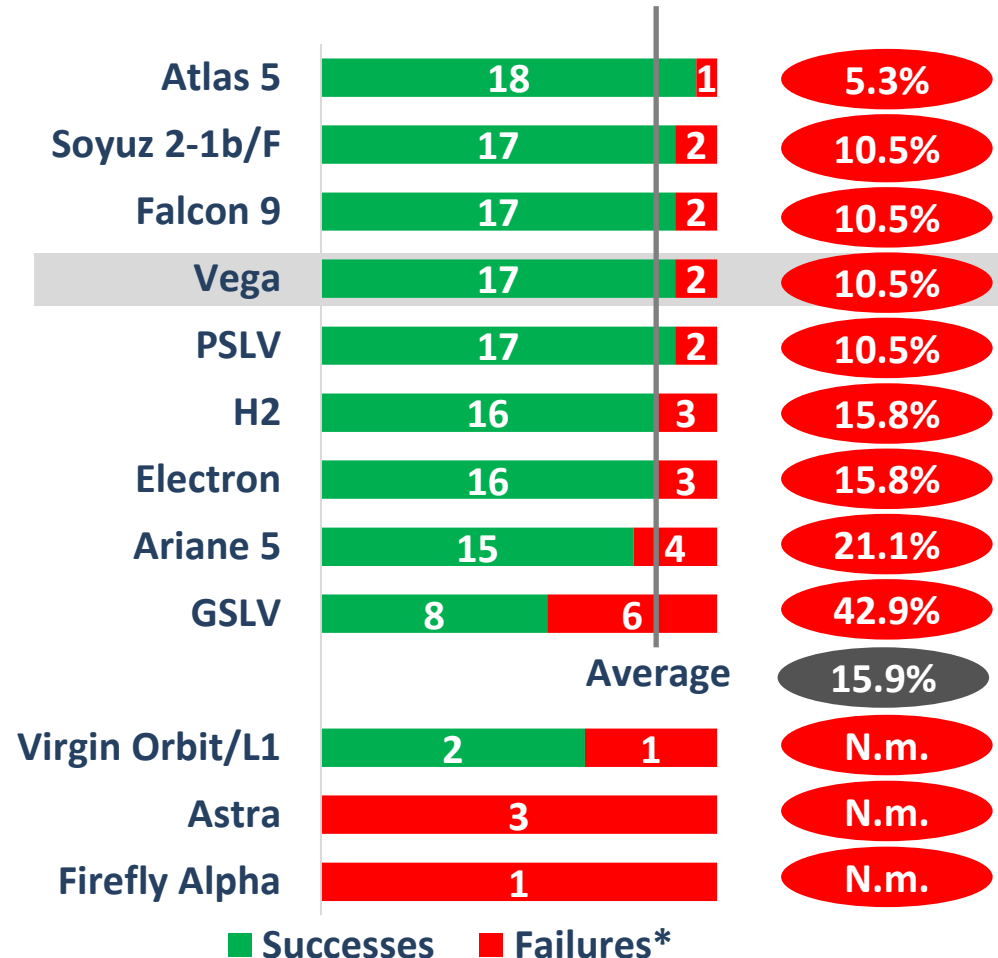
- Manufacturing
- Assembly
- Integration
- Testing

Over-inspections systematically performed on the VV18, VV19 and VV20 launchers

Delivered orbital injection accuracy above expectations for both VV18 and VV19

First 19 missions performance

Failure rate



*Includes partial failures

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Vega E development advancing with ESA contract signature and new test facility completion



Vega E development contract

- ~€120 M development contract signed in July with ESA
- Improved version of Vega with a new **LOX-CH** upper stage engine replacing the last 2 stages of Vega C
- Further improved performance, flexibility and cost competitiveness
- Maiden Flight expected in 2026

SPTF completion

- Firing test facility for liquid rocket engines
- Construction works completed
- Commissioning under way
- Firing tests to start by year-end



Vega E

TPCH M10



TPLOx M10



Comb. chamber



SPTF

Ariane 5 on track for 3 missions in 2021, new Ariane 6 launchpad completed



Flight & Production activity



30 July

VA254

*110th consecutive
successful flight*

2021 flight schedule – upcoming flights:

- 2 Ariane5 flights expected by 2021:
- Double launch in October
- James Webb Space Telescope in December

Development & complementary activity

Ariane 6:

- Launch Pad complex completed
- Other engines in final testing stages
- Ariane 6 Maiden Flight expected in second-half of 2022





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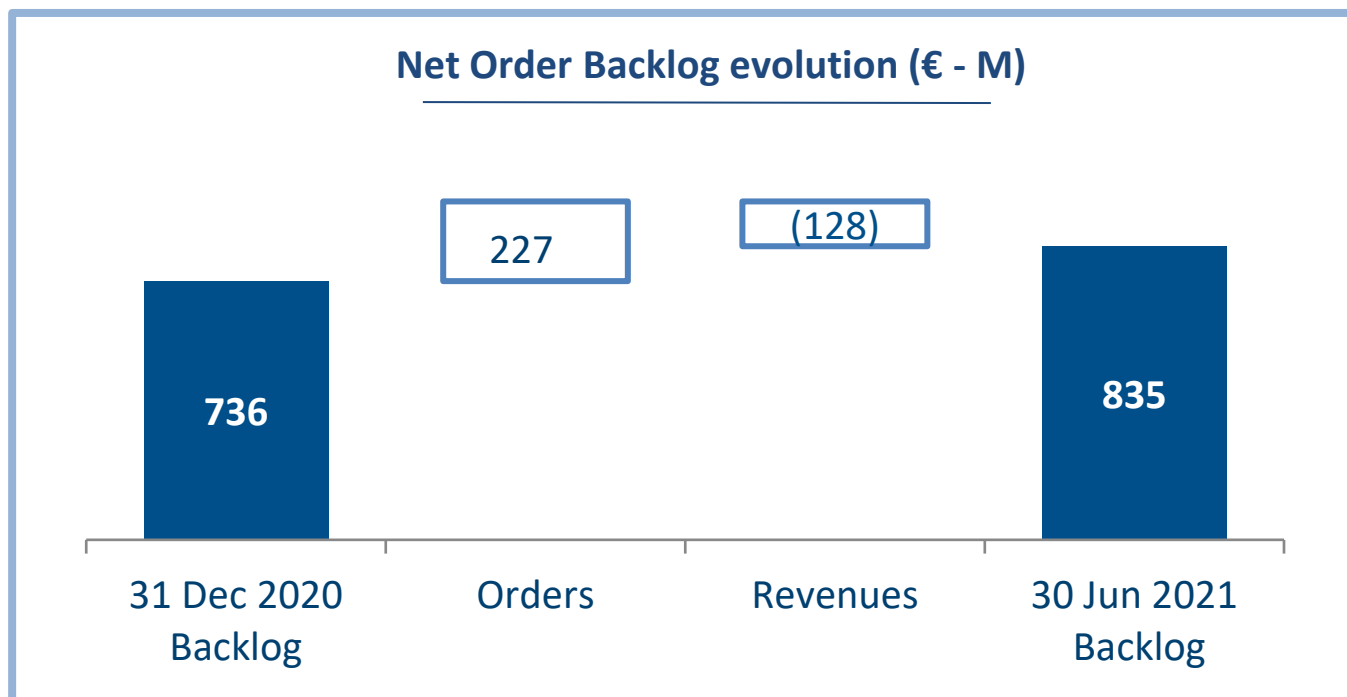
Growth in backlog, slowdown in revenues and margins



HY 2020	MAIN ECONOMICS	HY 2021	DELTA	DELTA	Comments
€ - M		€ - M	€ - M	%	
735.9 ⁽¹⁾	NET ORDER BACKLOG	835.0	99.1	+13%	<p>Continuous growth of net backlog thanks to Vega E and tactical propulsion contracts, in the context of of HY revenues level</p> <p>Vega return to flight activities up to April 2021 led to postponement beyond HY 2021 development activities with associated revenues and margins, amid Covid-19 continued impacts</p>
167.9	REVENUES	127.7	(40.2)	-24%	
16.9	EBITDA REPORTED	8.1	(8.8)	-52%	
10.1%	<i>% on net revenues</i>	6.3%			
19.9	EBITDA ADJUSTED	10.5	(9.4)	-47%	
11.8%	<i>% on net revenues</i>	8.2%			
8.5	EBIT REPORTED	(2.4)	(10.9)	N.m.	
5.1%	<i>% on net revenues</i>	(1.9%)			
11.5	EBIT ADJUSTED	0.0	(11.5)	N.m.	
6.8%	<i>% on net revenues</i>	N.m			
8.4	NET INCOME/(LOSS)	(2.4)	(10.8)	N.m.	
5.0%	<i>% on net revenues</i>	(1.9%)			

(1) As of 31 December 2020

Net Order Backlog continues to grow



€230 M of new orders in HY 2021 mainly including:

- **Vega E and Vega C:** development and industrial activities (~ €100M)
- **ASTER-30** booster production (> €80M)

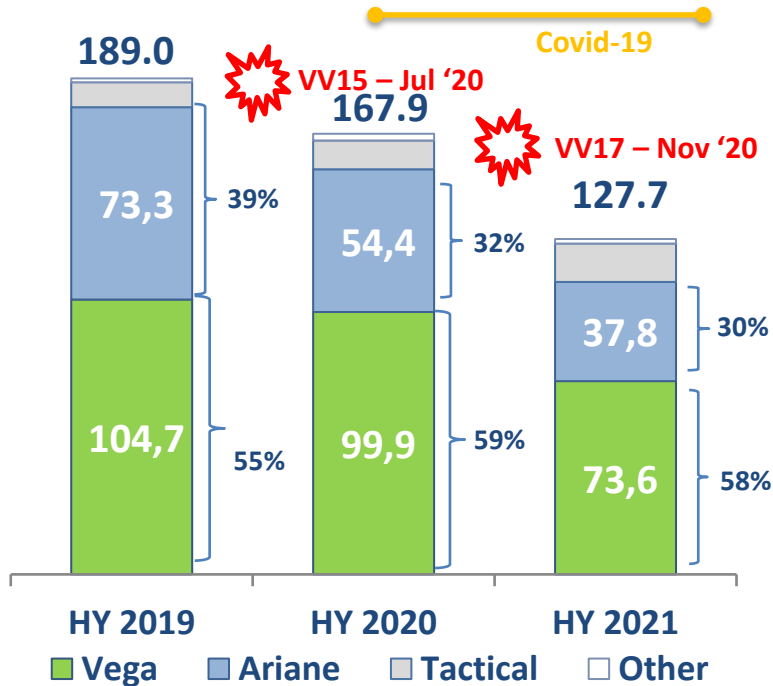
Revenues affected by slowdown in Vega C development



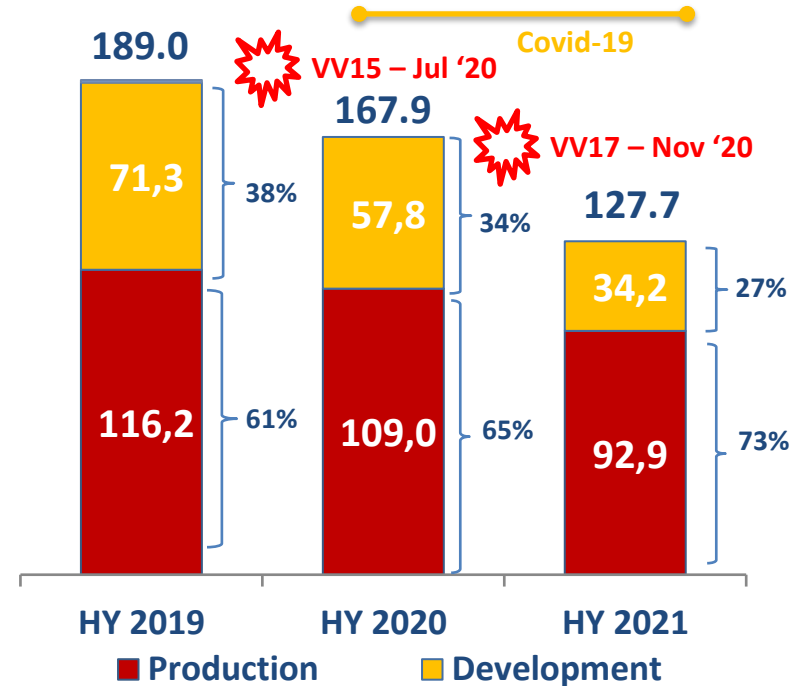
- Almost completed Ariane 5 production and delay in transition to Ariane 6

- Postponement in Vega C development due to Vega return to flight activities

Revenues by Line of Business (€ - M)



Revenues by Activity (€ - M)



Net cash position influenced by the working capital seasonality

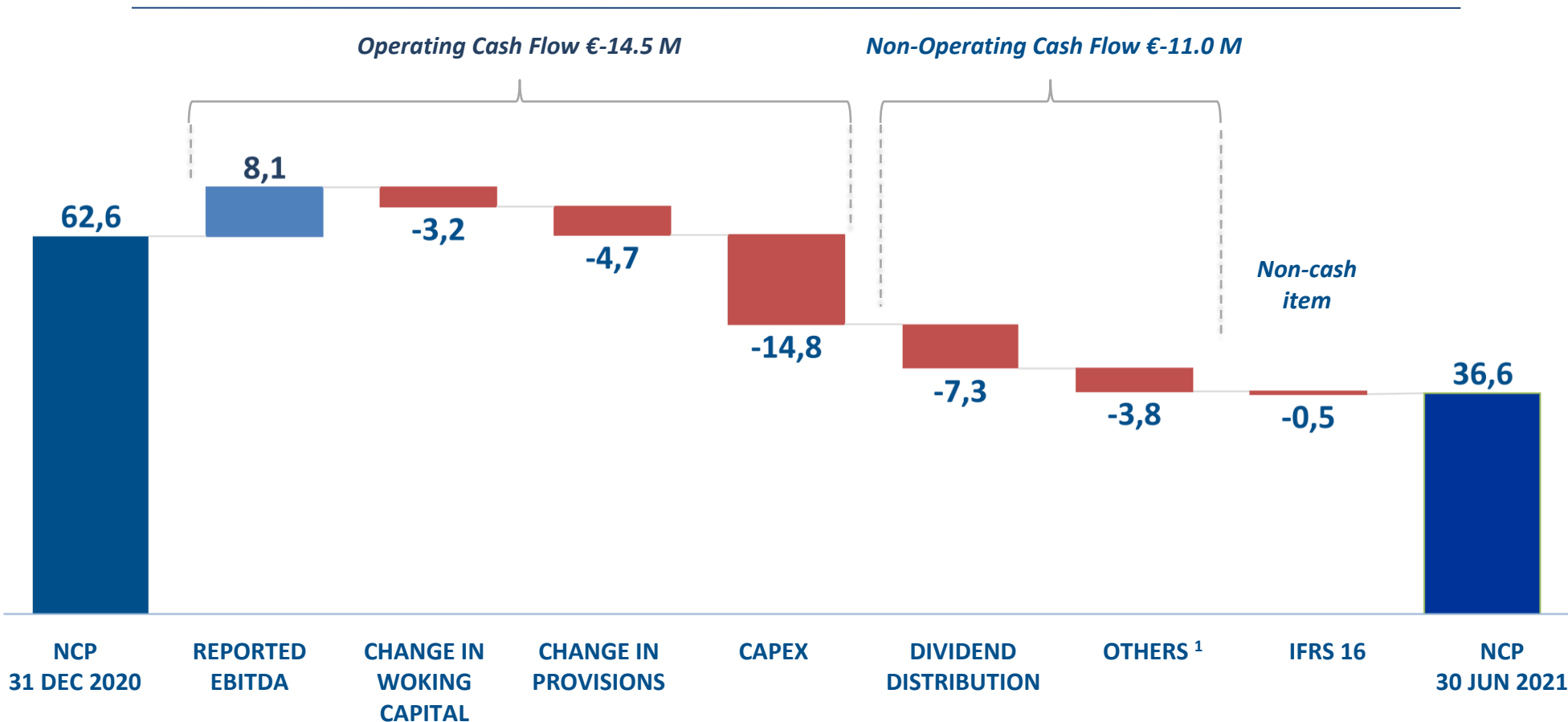


30 JUN 2020	31 DEC 2020	MAIN SOURCES AND USES	30 JUN 2021	DELTA JUN '21-DEC '20	Comments
€ - M	€ - M		€ - M	€ - M	
(65,3)	(111,9)	WORKING CAPITAL	(108,8)	3,1	• Reduced seasonality of Net WIP for slowdown in activities vs advances already collected
(40,2)	(43,0)	PROVISIONS (EMPLOYEES' BENEFITS AND RISKS)	(38,3)	4,7	
77,5	78,0	DEFERRED TAX ASSETS	78,1	0,1	
61,0	61,0	GOODWILL	61,0	(0,0)	
35,1	33,6	CUSTOMER RELATIONSHIP ASSET	32,1	(1,5)	
209,5	225,4	FIXED ASSETS	232,1	6,7	• Capex, including P120, Vega cadence improvement and Vega E development
6,2	6,3	FINANCIAL RECEIVABLES	6,3	-	
283,9	249,4	NET INVESTED CAPITAL	262,6	13,1	
26,9	62,6	NET CASH POSITION	36,6	(26,0)	• Better than typical seasonality evolution
(310,8)	(312,0)	EQUITY	(299,2)	12,8	• Dividend distribution and HY net result
(283,9)	(249,4)	TOTAL SOURCES	(262,6)	(13,2)	

Net cash better than seasonality evolution despite resumed dividend distribution



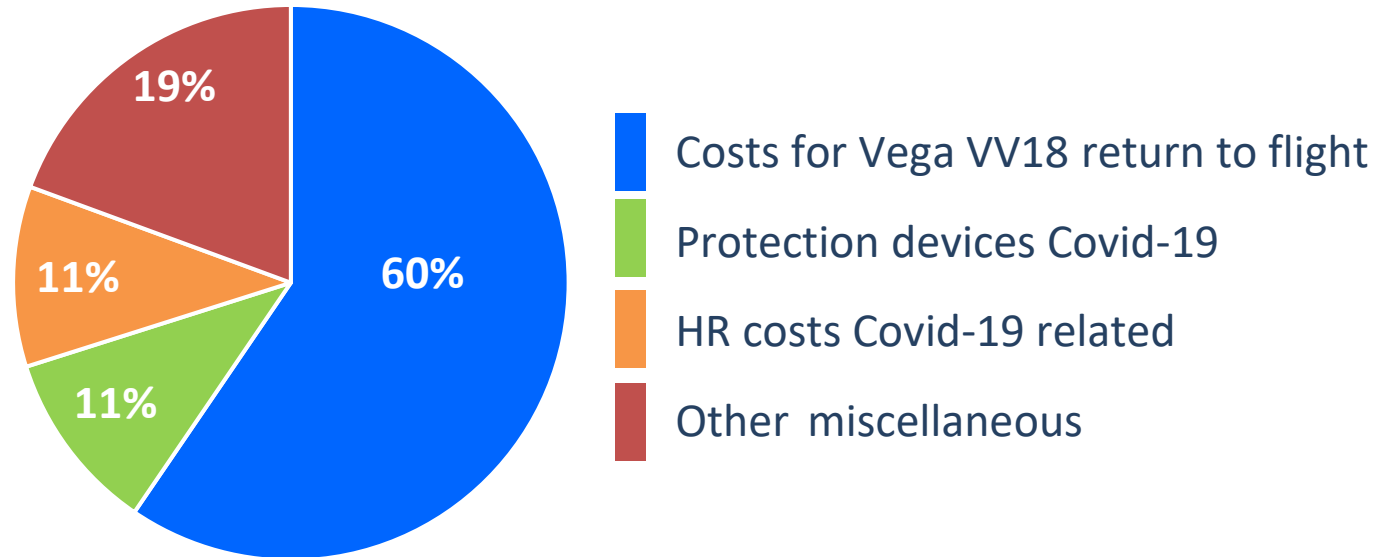
Net cash evolution and Cash Flows (€ - M)



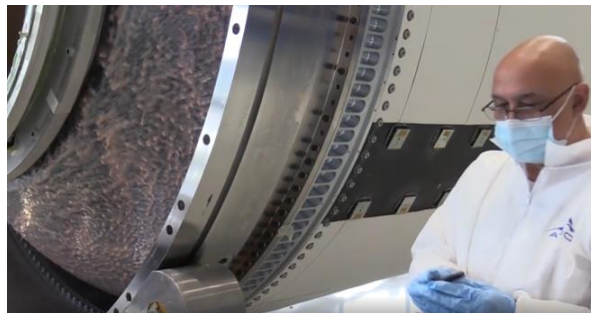
¹ Includes Taxes, Net Financial expenses and other expenses

HY 2021 non-recurring costs by nature

HY 2021 non-recurring Costs = 2.4 EUR Mln (100%)



- In-Company vaccination campaign carried out in June 2021
- Standardization and simplification of Vega campaigns thanks to Green Pass





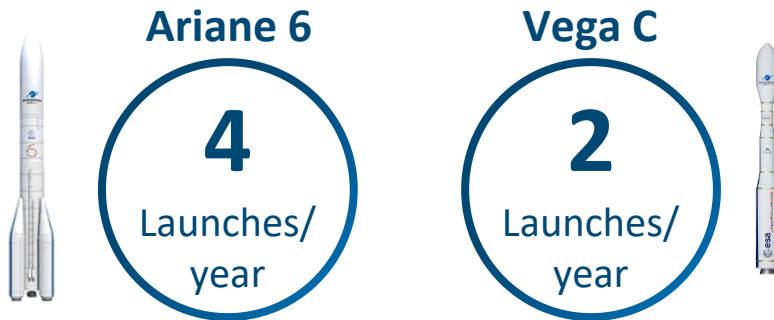
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Substantial European launch demand secured until the end of the decade

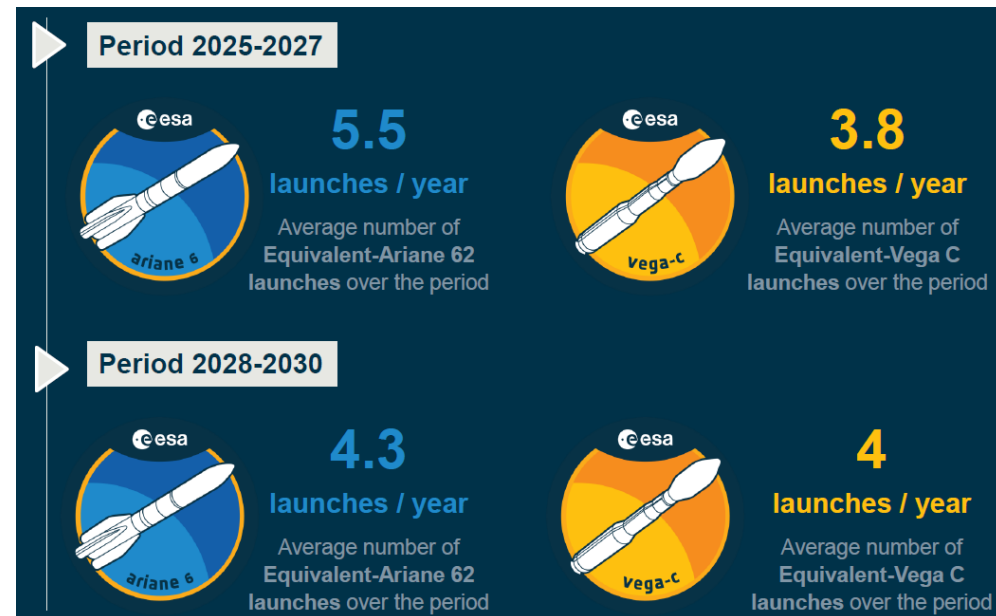


ESA launchers' exploitation framework

- Secured minimum annual launch volumes for European Institutions
- Secured support to maintain operational activities beyond minimum annual volumes
- Model applying by 2025 (i.e. beyond currently signed backlog) on 3-years rolling period



ESA expectation for European Institutional launch demand



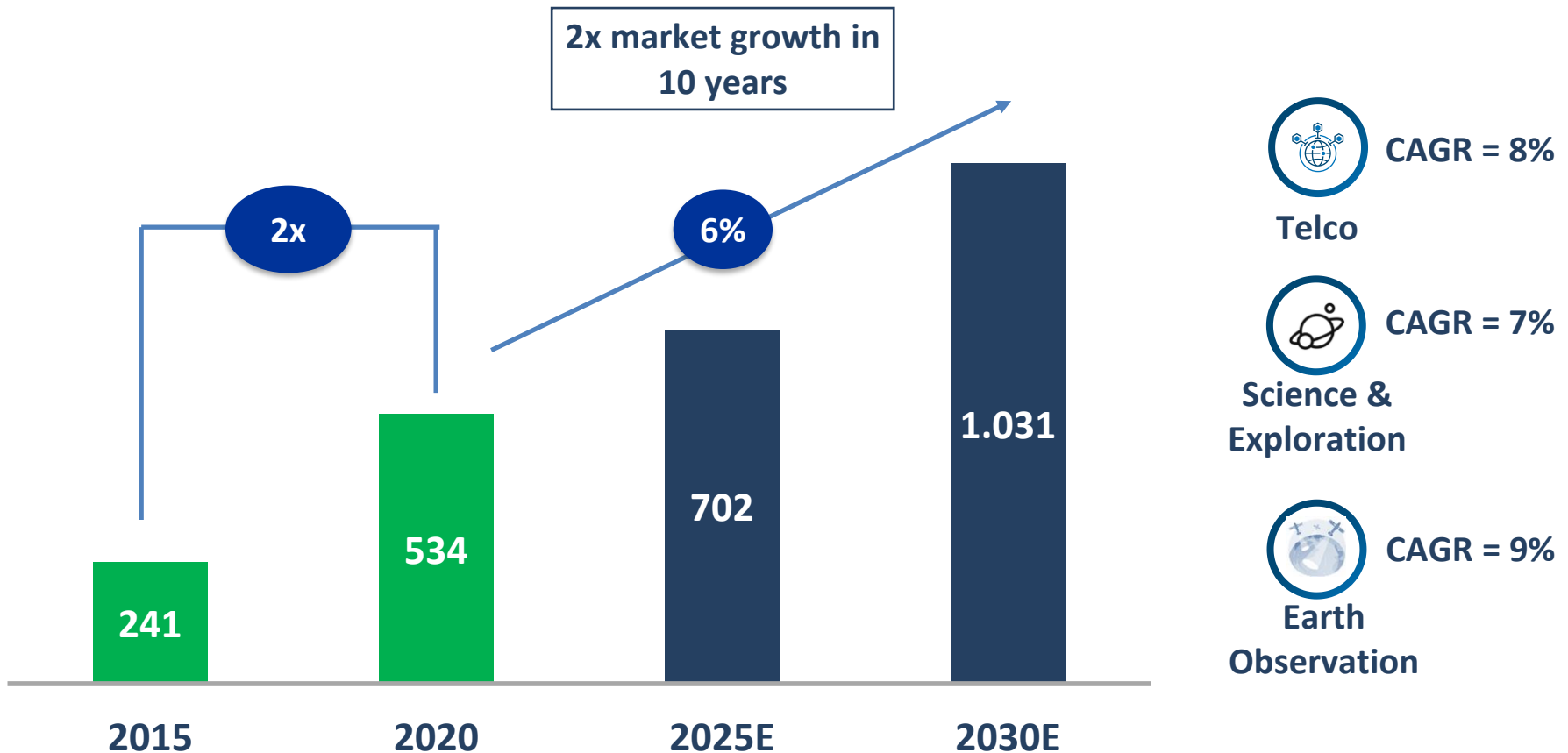
Launch demand continuing to grow fast, especially in the LEO segment (2x current volumes by the end of the decade)



World Market

x% = 2020-'30E CAGR

World Total mass at Launch per year [Tons]



Source : Avio estimate on Euroconsult, BCG data

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Substantial opportunities for new developments from the Italian recovery plan



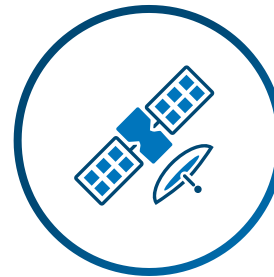
PNRR + complementary funds: €2.4B in 2022-2026



Satcom



Earth Observation



In-Orbit Services



Space factory

Scope

Initiatives

- IoT & QKD1 constellations
- Infrastructure valorization

- High revisit rate EO constellation
- Italy digital twin
- Incubator for apps and services

- Space tug services demonstration
- Telescopes

- Green & high-thrust engines dev & demonstrator
- Industry 4.0 for MAIT2 smallsats

Launch relevance



Avio FY 2021 Guidance



FY 2021 Guidance

- | | | | |
|---------------------|-----------------|---|--|
| • Net Order Backlog | • €850M – €900M | } | • Development and production contracts finalisation (Q3-Q4 2021) |
| • Net Revenues | • €300M – €330M | | • Catch-up of development revenues in the 2H 2021 |
| • EBITDA Reported | • €30M-32M | } | • Impact of 5M non-recurring cost (largely COVID-19)* |
| • Net Income | • €10M - €12M | | • Marginal effect of financial charges and taxation |

* Implying an Adjusted EBITDA of €35-37 M

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Strong backlog and net cash position to fuel growth back at pre-Covid levels across 2022 and 2023



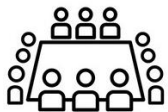
Market and commercial **opportunities growing more than anticipated** (2X market growth by 2030)



Secured EU institutional demand across the decade



2022 PNRR opportunities to support **incremental technological advances** in the period 2022-2026

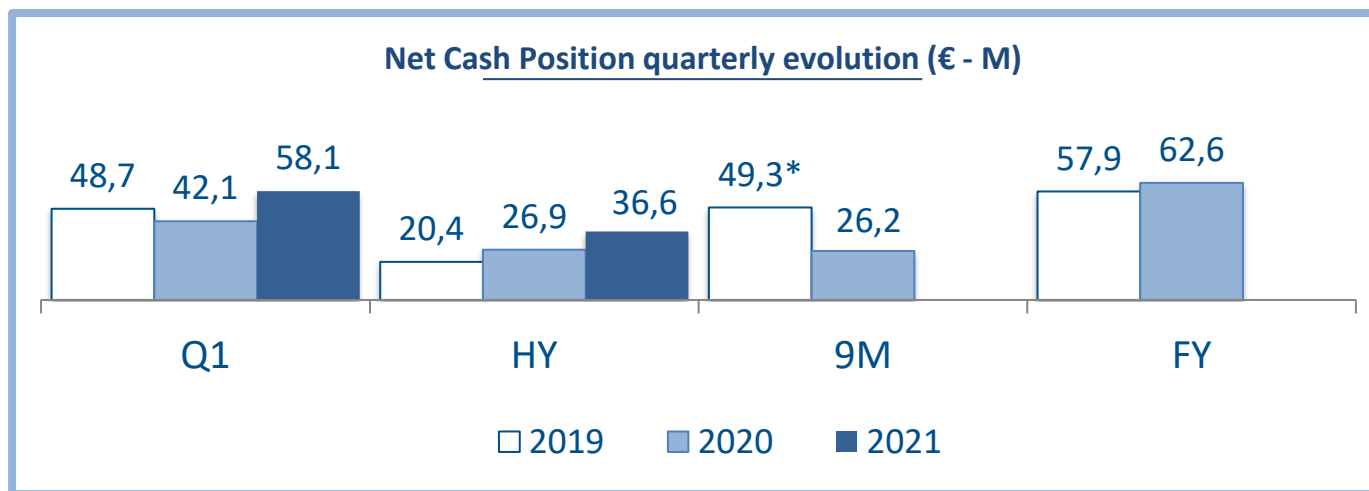
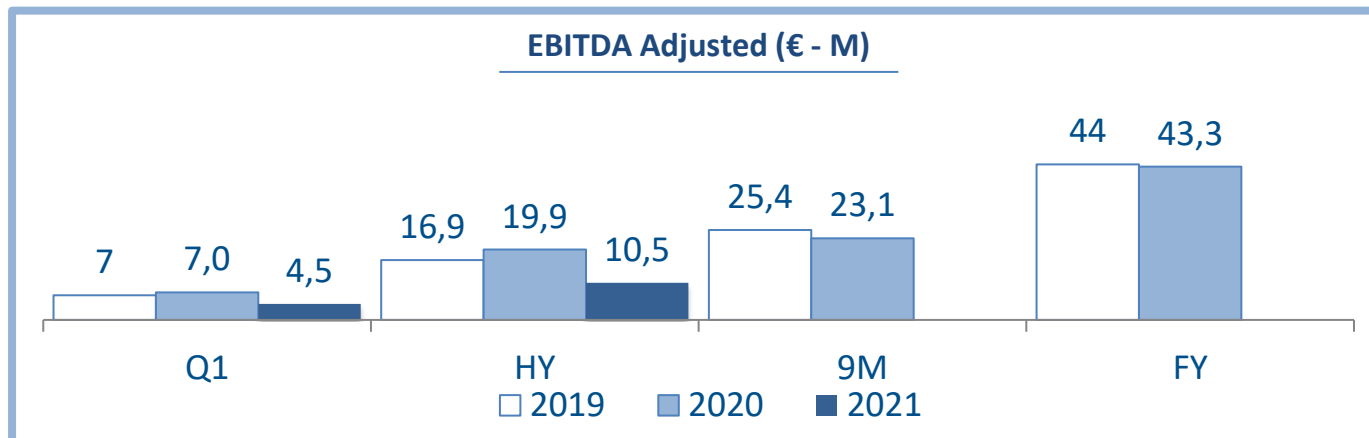


Preparing the 2022 ESA Ministerial Council **to secure new development contracts** to further extend product roadmap



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Quarterly pattern of Adjusted EBITDA and Net Cash Position



*Includes Non-recurring tax effect



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